A graphic image of Employment Security Department's logo and agency name.

Workforce Information and Technology Services, PO Box 9046, Olympia, WA 98507-9046

## ANNUAL WORKFORCE INFORMATION GRANT PERFORMANCE REPORT PY 2017

October 1, 2018

Washington state is submitting its Workforce Information Grant performance report for Program Year (PY) 2017, as required of grantees under Training and Employment Guidance Letter No. 4-17. This report summarizes accomplishments and challenges and provides recommendations for improvement to workforce information and services.

Washington state has completed the three deliverables required in PY 2017: maintaining the Workforce Information Database (WIDb) with state and local data; producing state and local industry and occupational employment projections; and a statewide annual economic analysis report.

1. **Populating the Workforce Information Database (WIDb) with state and   
   local data**

Throughout PY 2017, the Washington State Employment Security Department’s Workforce Information and Technology Services (WITS) division continued to populate and maintain the database tables designated as core tables in accordance with guidelines issued by the Analyst Resource Center (ARC).

WITS is up to date with version 2.7 of the Workforce Information Database. Our agency’s IT staff have improved documentation for upgrading and uploading data into the new WIDb, which will reduce delays in the future and have begun preparations for new versions.

The Infogroup ARC database, which we use to populate our [Find Employers tool](https://fortress.wa.gov/esd/employmentdata/reports-publications/industry-reports/find-employers), was updated in May 2018.

1. **Producing and disseminating industry and occupational employment projections**

[Employment projections](https://esd.wa.gov/labormarketinfo/projections) provide a general outlook for industry and occupational employment in Washington state. They provide job seekers, policy makers and training providers an idea of how much an industry or occupation is projected to change over time and show the future demand for workers.

On an annual basis, the Employment Security Department produces industry employment projections for two, five and 10 years from a base period. The base period for the two-year (short-term) projections is second quarter 2017. The base period for the five-year (medium-term) and 10-year (long-term) projections is 2016. Staffing patterns for each industry are used to convert industry projections into occupational projections.

WITS produced and distributed the industry and occupational [Employment Projections](https://esdorchardstorage.blob.core.windows.net/esdwa/Default/ESDWAGOV/labor-market-info/Libraries/Industry-reports/Employment-projections/2017%20projections/2017%20Projections%20Report.pdf) for Washington state and its 12 local workforce development areas (WDAs) in May 2017. We continued our practice of annually updating these three sets of projections – two of which are required under this grant (two- and 10-year) and one of which is required by state law (five-year) – for the state as a whole and the 12 WDAs.

WITS used a North American Industry Classification System (NAICS)-based historical industry employment time series from January 1990 through June 2017 for this project. However, they have been modified to match the industry definitions used by the U.S. Bureau of Labor Statistics’ (BLS) Occupational Employment Statistics (OES) program. These modified industry definitions are called Industry Control Totals (ICTs). The Standard Occupational Classification (SOC) system is used to group occupations.

The Projections Managing Partnership (PMP) methodology advises forecasters to combine alternative economic forecasting methods and to choose the best fitted model. The “fit” of a model is based on performance measures over the observed time periods. Washington state used this methodological approach, but implemented this based on the most advanced available models and tools. We also used leading economic indicators from IHS Global Insights forecast.

Since 2015, the primary software used for forecasting has been R-software (R). R is an open source, object-oriented language with advanced statistical and optimization features. It allows programmers to operate directly on vectors and matrices. This creates significant advantages over sequel-based languages, like SAS, when producing occupational projections.

**The following four classes of models were used for projections:**

1. Exponential smoothing: innovations state space autoregressive model with optimized selection of smoothing parameters (criteria minimum Mean Absolute Percent Error [MAPE]).
2. Auto ARIMA: optimized selection of parameters of ARIMA, seasonal ARIMA, period of seasonality, etc., with regressors (criteria: AIC (Akaike’s information criterion) – this is probably the most sophisticated single equation model available.
3. Naïve regression model which only includes seasonal dummies and time (linear trend) as regressors.
4. Dynamic linear regression model which includes regressors (the same as for Auto ARIMA), seasonal dummies and linear trend.

**An optimization model was used for creating combined forecasts:**

* “In sample” and “out of sample (hold-out sample)” forecasts for each model class and actual initial series were used for parameters.
* Weights for each of the four model classes were subject to optimization.
* Eight calculated variables (two for each model class) were used to define objective functions, subject to minimization. For each of the models the following were used: mean absolute scaled error (MASE) for testing “in full sample” and MASE for testing for 24-month “out of sample” (hold-out sample).
* The average between averages of four MASEs, for “in sample” and “out of sample” testing was subject to minimization.

In addition, WITS used some new forecasting tools:

1. Hierarchy forecasting models, which allowed for the creation of additive forecasts for different levels of aggregation (e.g. between regions and the state).
2. Forecasting with limits achieved by sophisticated log transformation.

Also, WITS created change factors for a limited numbers of cells where state and national historical series were available and consistent with suggested change factors from national files.

WITS started with aggregated levels of projections, and then used the IHS Global Insight model and inputs from forecasting staff from the Washington State Economic and Revenue Forecast Council (ERFC).

The state aggregated projections are used as regressors for state detailed industry forecasts, which then are used as regressors for regional detailed forecasts. All industry forecasts are additive between different levels of industry and area aggregations. The flexibility of the R-software models permitted the estimation of employment impacts from major labor market disruptions, such as plant closings or new plant openings.

We continued the process of converting occupational projections into skills projections. We rely on the content of employers’ job postings rather than the predefined, general O\*NET skills. The main source for this analysis was a download of the top 100 hard skills for each detailed (six-digit SOC) occupation for Washington state from WANTED Analytics. Again this year we used a three-year sample. This site is available through a contract with the Conference Board Help Wanted OnLine® (HWOL).

Short-term projections based on old staffing patterns were completed and delivered to the national Projections Central website, according to PMP requirements in February 2018. Short-, medium- and long-term projections, based on new staffing patterns, were completed in the fourth quarter of PY 2017 and became available to the public in electronic form in June 2018. Statewide and sub-state short- and long-term projections are included in the June 2018 upload. Long-term projections are delivered to the national Projections Central website, according to PMP requirements every other year, and therefore were not delivered this year.

This year we extended the practice of using state specific alternative replacement rates. They are based on state unemployment records and staffing patterns and reflect the total numbers of state job openings. We used 10 pairs of wage files to estimate industry rates, unlike just one pair last year. The rates proved to be reasonable (from the perspective of average survival time) and relatively stable.

In our occupational employment projections, we present two sets of estimates for average annual job openings. One set is calculated using the job opening rates the Bureau of Labor Statistics (BLS) provides and the other one using Washington state specific job opening rates that ESD creates. The former are referred to as BLS occupational separations rates and the latter as Washington state alternative occupational rates.

In May 2017, the OES program replaced 21 detailed occupations – found within the 2010 Standard Occupational Classification (SOC) – with 10 new aggregations of those occupations. In April 2018, the BLS published new OES estimations using these 10 new aggregations.

For the 2018 projections cycle, we chose to use the new OES aggregations for alternative projections in order to maintain consistency with the new OES coding system and to utilize all survey results.

The separation method does not use these 10 new aggregations and therefore, the staffing patterns ignored the 21 detailed occupations for one survey cycle, as well as the 10 new aggregations. The separation estimations are published to maintain consistency with the coding system used nationwide for the 2016 to 2026 long-term projections. This version of projections was reported to PMP and published on the national site. Due to changes in coding, this version does not utilize OES samples collected with the new codes.

Specific PY 2017 milestones were as follows:

* Updated NAICS-based historical industry employment database – January 2018.
* Produced short-term statewide projections, based on old staffing patterns – February 2018.
* Prepared and balanced NAICS-based short-, medium- and long-term industry projections for the state and all areas – March 2018.
* Prepared NAICS-based two versions of staffing patterns (with new OES codes and without them); derived from the latest OES survey data – April 2018.
* Prepared short-, medium- and long-term occupational projections – May 2018.
* Populated the Workforce Information Database (formerly ALMIS) and the Labor Market Information website (LMIS) with statewide and sub-state projections – June 2018.

Washington state law ([RCW 50.38.050](http://apps.leg.wa.gov/rcw/default.aspx?cite=50.38.050)) requires five-year employment projections by industry and occupation in addition to the two- and 10-year projections required by this grant.

WITS receives state funding in order to produce the five-year projections and other specified labor market information. The grant money is used to produce the two- and 10-year projections. The funding from this grant, along with the five-year projections funding, enabled WITS to provide Washington’s labor market information customers with a more detailed and comprehensive view of Washington’s economy. This detailed and comprehensive view would not have been possible without the funds from this grant.

**Continued improvements in the projections process:**

We are continually improving our processes, data analysis techniques, models, algorithms and codes.

PY 2017 improvements were:

* Addition of a hierarchy and restricted forecasting tools.
* Use of parallel processing for large time-consuming forecast processes.
* Use of time series breaking point analysis tools and monitoring functions.
* Development of more comprehensive state specific alternative turnover rates.
* Improvement in optimization processes by moving to derivative-free optimization.

The hierarchy forecasting tool was also successfully used for a specific task: forecasting seasonal hiring.

The alternative rate not only measures when workers leave one occupation for another or leave the workforce, but also measures openings created by turnover within occupations, i.e., workers stay within an occupation but transfer to different companies.

The data for the alternative rates come from Washington state wage files. We estimate the numbers of annual transfers between industries, inside industries and in and out of wage files. Then we use occupation-to-industry staffing patterns (shares of occupations for each industry) to convert industry transfers to occupational transfers.

Alternative replacement rates are calculated as the shares of total transfers, minus growth or decline, divided by estimated occupational employment for a base period.

The alternative rates approach was presented at a Federal Committee on Statistical Methodology conference in March 2018. One of the participants (discussant) at this presentation, Michael Wolf (Division Chief for Occupational Employment Projections), stated about our alternative method; “Openings are on the order of magnitude of what JOLTS and HWOL measure.”

The Employment Projections report and data tables can be found at: [www.esd.wa.gov/labormarketinfo/projections](https://esd.wa.gov/labormarketinfo/projections).

1. **Annual economic analysis and other reports**

Consistent with this grant and required by state law, WITS published a detailed annual economic analysis report. This report provides statewide information for economic policy development, training program planning and resource allocation by the:

* Governor.
* State Workforce Investment Board (WIB, known as the Workforce Training and Education Coordinating Board).
* Local WIBs (known as Workforce Development Councils).
* State legislators.
* Other partners including community and technical colleges, economic development organizations and other talent development stakeholders.

The [*2017 labor market and economic report*](https://esdorchardstorage.blob.core.windows.net/esdwa/Default/ESDWAGOV/labor-market-info/Libraries/Economic-reports/Annual-Report/2017%20Labor%20Market%20and%20Economic%20Report.pdf) is an annual overview of Washington state’s economy. It includes analyses of employment conditions and trends, unemployment, wages, income and employment projections. The report also devotes greater detail on the seasonal, structural and cyclical aspects of employment and includes economic comparisons with other states.

Throughout the year, WITS staff conducted special studies and economic analyses at the statewide and local levels. During this reporting period, 1,329 items were published. These reports and data sets are available on [Washington state’s labor market information website](https://esd.wa.gov/labormarketinfo), and further details on specific reports are provided below. We also added 49 Tableau data visualizations to our web pages, many interactive, which were updated along with our statistical reports. They received over 72,000 views in PY 2017.

**Monthly**

* [*Monthly employment report*:](https://esd.wa.gov/labormarketinfo/monthly-employment-report) Comprehensive, monthly reports on Washington state’s job market. We report the unemployment rate statewide and by county, the number of people in Washington’s workforce and the number of people employed by industry and county. This report relies on current labor force statistics developed in partnership with the BLS and is the basis of a major monthly press release on the state’s economy, and is followed by a second press release by county.
* [*Labor area summaries*:](https://esd.wa.gov/labormarketinfo/labor-area-summaries) Monthly labor area summaries provide labor market information for each of the metropolitan areas and counties in Washington state. This information is screened by WITS’s six regional labor economists who are located around the state and are the primary points of contact for regional labor market information. The labor area summaries provide vital information to decision makers and media, timed according to the monthly release of local labor market statistics by BLS.
* [*Employer demand reports*](https://esd.wa.gov/labormarketinfo/employer-demand): Monthly series of four reports reflecting the top 25 skill sets and certifications that employers are looking for in workers, as well as the top 25 occupations and employers. These reports are based on WANTED Analytics and Help Wanted OnLine® data from the Conference Board, which provide a measure of real-time labor demand gathered from online job ads.
* [*Labor market supply/demand reports*](https://esd.wa.gov/labormarketinfo/supply-demand-report)*:* The labor market supply/demand reports provide a gap analysis for detailed occupations along with comparisons of online job postings and Employment Security Department data on unemployment insurance (UI) claimants. An annual version took into account the number of graduates from colleges and universities entering the workforce as well as the number of UI claimants.
* [*Washington employment estimates*](https://esd.wa.gov/labormarketinfo/employment-estimates): This data series provides monthly estimates of nonfarm employment by industry in Washington state. Current employment statistics (CES) survey data and quarterly benchmarked data are provided at the state, metropolitan areas and county levels.
* [*Unemployment benefits report*](https://esd.wa.gov/labormarketinfo/unemployment-insurance-data): Monthly unemployment benefits reports by county, as well as monthly reports on federally funded extended benefits and outstanding loan balances from the federal unemployment insurance trust fund.
* [*Labor force*](https://esd.wa.gov/labormarketinfo/labor-force)*:* Local area unemployment statistics (LAUS) are monthly estimates of the labor force including employment, unemployment and unemployment rates statewide, by county, by city, by WDA and by metropolitan area.

**Quarterly**

* [*Business employment dynamics*](https://esd.wa.gov/labormarketinfo/business-employment-dynamics): A national and state view of changes to businesses and the job market.
* [*Unemployment insurance trust fund forecast*](https://esd.wa.gov/labormarketinfo/UI-trust-fund): This report provides the status and updated projections of the state’s unemployment insurance trust fund.
* [*Covered employment (Quarterly Census of Employment and Wages [QCEW])*](https://esd.wa.gov/labormarketinfo/covered-employment): Industry employment and wage data from employer tax records.
* [*WorkSource system performance reports:*](https://esd.wa.gov/labormarketinfo/WorkSource-system-performance)The WorkSource system performance dashboards provide data and analysis for the state’s WorkSource system. The WITS division produces them for the state and its 12 individual workforce development areas (WDAs). The statewide dashboard contains the performance indicators and data for each quarter.

**Annually**

* [*Learn about an occupation*:](https://esd.wa.gov/labormarketinfo/LAAO) These tools distinguish among occupations as “in demand,” “balanced” and “not in demand” across the state and within individual WDAs. We evaluate short- and long-term employment projections to determine whether employment opportunities in more than 800 occupations are expected to increase or decrease. The local workforce development councils (WDCs) then review, adjust and approve that initial list based on their local, on-the-ground experience. The [Occupation in Demand list](https://esd.wa.gov/labormarketinfo/learn-about-an-occupation#/search) is used to determine eligibility for a variety of training and support programs. During PY 2017, we continued to make improvements to the information available for each specific occupation by area, making it easier for job seekers to directly connect to job postings and further details on occupation and training options. *These tools are the most visited pages on WITS’s website.*
* [*Find employers*](https://fortress.wa.gov/esd/employmentdata/Widgets/EEIS/ReportsAndPublications/Reports/ShowReport.aspx?id=a0e158f5-56e4-4909-9d83-839cc6d6c28d): WITS’s website allows users to find contact information for   
  more than 304,342 employers in Washington state. Users can search by area for   
  an industry or occupation or employer name. Since identifiable information gathered through the BLS is strictly confidential, this information is provided by Infogroup.
* [*Labor market and economic report*](https://esd.wa.gov/labormarketinfo/annual-report): Provides an annual overview of Washington state’s economy (discussed in more detail above).
* [*Agricultural employment*](https://esd.wa.gov/labormarketinfo/ag-employment-and-wages) *and wages*: WITS has produced agricultural workforce reports since 1999. These reports provide information on agricultural employment, wage rates and H-2A prevailing wages and employment practices. Beginning in 2015, WITS began conducting the survey annually and surveying for all occupations and activities for which employers have requested temporary workers through the agricultural recruitment system. For 2016, WITS conducted both employer and worker surveys to gain a greater understanding of agricultural wages and practices in Washington state. Data collection of the 2016 surveys ended December 16, 2016.
* [*Employment projections*: Two-, five- and 10-year industry and occupational projections (discussed in more detail above). Users have access to a report based on the projections, detailed methodology information and detailed data tables for the three sets of projections.](https://esd.wa.gov/labormarketinfo/projections)
* [*County profiles*](https://esd.wa.gov/labormarketinfo/county-profiles): County profiles highlight aspects of the economic health of each of Washington’s 39 counties. The facts and figures are useful for grant applications, strategic planning, economic development and other research projects. We compose each county profile using data we collect and data from the U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, U.S. Census Bureau, Washington State Department of Revenue, Washington State Office of Financial Management and other resources.
* [*Occupational employment and wage estimates:*](https://esd.wa.gov/labormarketinfo/occupations) Our occupational employment and wage estimates are counts of workers and entry-level, average and experienced-worker wage estimates for more than 800 occupations. Data are displayed statewide, by metropolitan statistical area and nonmetropolitan area.
* [*Median and average hourly wage report:*](https://esd.wa.gov/labormarketinfo/median-hourly-wages) The median and average hourly wage reports contain hourly and annualized wage estimates for the state as a whole and by county. The tables include annual data going back to 1990 for the state and each county. Unadjusted, inflation-adjusted and annualized data are listed, as well as a breakout for the private sector.
* [*Distressed areas list*](https://esd.wa.gov/labormarketinfo/distressed-areas): WITS produces the list of distressed areas – counties where the three-year unemployment rate is at least 20 percent higher than the statewide average – to assist users with identifying areas that may qualify for certain publicly funded programs to spur job growth and economic development.
* [*EB-5 investor targeted employment areas*](https://esd.wa.gov/labormarketinfo/EB-5): WITS identifies the list of sub-county areas (census tracts and block groups) that qualify as targeted employment areas (TEA) – where unemployment is at least 50 percent higher than the national rate – to assist users with identifying areas that may qualify for special exceptions under the federal EB-5 foreign investment program. There were 84 TEA designations processed in PY 2017. The Employment Security Department also provides additional technical assistance, if requested, for information on sub-county geographic areas.
* [*Training benefits report*](https://esd.wa.gov/labormarketinfo/training-benefits): Our report to the Washington State Legislature providing an update on the unemployment insurance [Training Benefits Program](https://esd.wa.gov/jobs-and-training/training-benefits-program). The Training Benefits Program pays extended unemployment benefits to eligible participants while they attend approved training to learn new job skills. The report is based on a survey of Training Benefits participants, unemployment insurance administrative data, and community and technical college enrollment data.
* [*Establishment size report*:](https://esd.wa.gov/labormarketinfo/establishment-size) Establishment size data provide a count of establishments and their size class based on their number of employees for each county. We tabulate the number of establishments by size class and industry sector and subsector and for the state.

1. **Customer consultations**

WITS has maintained multiple methods of collecting feedback from customers regarding their use of and need for labor market information (LMI) products and services. Methods for collecting data on customers’ use of LMI products and services include web visitor analytics, a website feedback page, and automated tracking of ad hoc requests.

WITS uses customer feedback to improve both its deliverables and its delivery system. To assist customers in accessing and understanding LMI posted on its labor market information website, the WITS division offers an [online interface](https://esd.wa.gov/labormarketinfo/contact) as well as contact information for our [regional economists](https://esd.wa.gov/labormarketinfo/economists). Trained individuals staffing that center can assist clients in locating the appropriate information and answer questions about it.

WITS provides training to the WorkSource centers in order to facilitate a better understanding of the current tools available, how to use them, and information on new products which are then transmitted to their customers. In effect, this gives WITS a larger impact by having the WorkSource centers play a key role in making LMI more accessible around the state.

WITS solicits input from WorkSource (Washington’s One-Stop system), WDC managers and other customers on the regional labor economists’ performance of their responsibilities. That feedback is incorporated into our publications and communications strategies, as well as in broader planning for products and services.

1. **Activities undertaken to meet customer needs**

WITS has further developed the use of The Conference Board’s Help Wanted OnLine® data to meet our customers’ needs. We have developed monthly [labor market supply/demand reports](https://esd.wa.gov/labormarketinfo/supply-demand-report), which provide a comparison of online job postings and the Employment Security Department’s data on UI claimants. The data is organized by WDA and occupation category. These reports provide a measure of real-time labor demand gathered from online job ads, and combine that with what we know about individuals currently looking for work with relevant experience. The annual version of the supply/demand report takes into account the number of graduates from colleges and universities entering the workforce as well as the number of UI claimants.

Given the importance of the [learn about an occupation tool](https://esd.wa.gov/labormarketinfo/LAAO) to our customers, we make updates to the information for each specific occupation several times per year, making it easier for job seekers to directly connect to current details on occupation and training options in their geographical area of interest. As in years past, the learn about an occupation tool was the most frequently visited page on WITS’s website in PY 2017.

WITS presented our annual economic symposium in October 2016.

On the agenda this year, our local economists spoke on the state of the state’s labor market for eastern and western Washington. Highlights on WITS new website were also be presented to show new visualizations and tools. We also had a special keynote speaker from the Department of Labor’s Bureau of Labor Statistics: Dr. Michael Horrigan talked about the gig economy.

1. **New tools and resources**

We continue to develop a wide range of data visualizations using Tableau software. These visualizations allow visitors to immediately engage with the data. This past year we continue to upgrade our monthly supply/demand tool from Excel to Tableau so that users can visualize the data directly in a web browser rather than downloading a file. We are publishing our key labor market data sets on our state’s Open Data portal for convenient access by external customers.

1. **Efforts to create and support partnerships and collaborations**

*Regional labor economists*

WITS’s six regional labor economists continued to work with local partners, including workforce development councils, economic development councils, WorkSource Centers and legislative entities, to better understand local labor markets and effectively communicate that information to customers with varying degrees of knowledge and expertise. The regional labor economists, who are located in WorkSource centers, worked throughout the year with these local partners to identify their specific needs and tailor information and services to meet those needs.

The services included periodic economic briefings on changes in local labor market conditions, training on occupational and career information and tools, and input and technical assistance with local strategic planning. In PY 2017, their contacts by customer type broke out as follows:

* Workforce organization/councils 25%
* Media – newspaper, radio, TV 19%
* Government agency 15%
* Business/business association 15%
* Educational institution 10%
* Economic development organization 8%
* Other customers 8%

*Occupations in demand*

On an annual basis, WITS and the local WDCs have continued to partner on an occupations in demand (OID) list, which is used for determining individuals’ eligibility for a variety of training and support programs and populates our website’s [learn about an occupation tool:](https://esd.wa.gov/labormarketinfo/LAAO). WITS initiates the annual process by distinguishing among occupations that are “in demand,” “balanced” and “not in demand” on the state and WDA level. The WDCs then review, adjust and approve that initial list based on their local, on-the-ground experience. As changes in economic conditions effected occupational demand, the WITS economists and WDC staff worked together to update the list to reflect current occupational demand and supply conditions. In accordance with state law, the WDCs are responsible for changes to the list throughout the year, with which WITS’s regional labor economists provide technical assistance as requested.

*Sharing Data*

WITS has served as a leader among Washington’s state agencies in supporting and developing an open data portal. In PY 2017 we completed our open data plan and began publishing our datasets to the state’s open data portal, [Data.WA.gov](https://data.wa.gov/browse?category=Employment). We publish current LAUS, OES and Nonfarm Employment Estimates on this site, under the Employment category.

WITS continues to serve as a leader among Washington’s state agencies in protecting data and supporting those in need of the vital information we can provide. We continue to work with our local partners, including government agencies, planning councils, education institutions and research centers to provide consistent support for their data needs to help grow the workforce.

WITS provides data-sharing training and education to help entities understand current laws and regulations, and helps them protect the data they request. WITS has taken the lead in working with state agencies to better improve our data sharing agreements, data security and flow of data, yielding a more efficient and secure data-share process. Our [data-sharing request page](https://esd.wa.gov/newsroom/data-sharing) includes an online request form, sample data-sharing agreements, eligibility criteria and definitions of confidential data.

*One-Stop management reports*

Our division continues to publish performance measures and has introduced [labor market supply/demand reports](https://esd.wa.gov/labormarketinfo/supply-demand-report) for our state’s WorkSource (One-Stop) system. The labor market supply/demand reports represent comparisons of online job postings and data on UI claimants and WorkSource job seekers. The data are organized by WDA and occupation category.

The [quarterly performance dashboards](https://esd.wa.gov/labormarketinfo/WorkSource-system-performance) provide meaningful data and analysis to WorkSource system leaders in order to develop better customer service strategies. Every customer using this information is speaking the same performance language, from the U.S. Department of Labor (DOL) and our Governor to the WDC board members and contractors.

*Performance*

WITS continued to take a leadership role for developing and maintaining outcome measures and leading indicators for each of the agency’s four goals. The Executive Leadership Team relies on our knowledge and insights to guide what we measure and why.

*WIOA implementation*

WITS has provided full support to Washington’s WIOA implementation efforts in PY 2017. The WITS director and System Performance manager both served on subcommittees and task forces convened by the state workforce board, particularly focused on performance. The WITS director participated with the National Association of State Workforce Agency’s Labor Market Information Committee.

1. **Activities to leverage LMI-WI funding**

WITS continues to actively collaborate and partner in the [Washington’s Statewide Longitudinal Data System (SLDS)](https://nces.ed.gov/programs/slds/state.asp?stateabbr=WA) grant by sharing weekly UI claims information, UI wage records and Labor Exchange Reporting System (LERS) files. This partnership is further enhanced with funding from a “round five” [Workforce Data Quality Initiative (WDQI)](http://www.erdc.wa.gov/about-us/federal-grants) grant. The state’s [Education Research and Data Center](http://www.erdc.wa.gov/) (ERDC), which leads Washington’s SLDS, will continue under WDQI to refine requirements for analytical data marts that link education and workforce data to better serve research and policy analysts.

WITS’s deliverables related to WDQI will enhance job seekers’, employers’ and policy makers’ abilities to make informed decisions. These deliverables are the result of two studies on labor supply and data quality and completeness. The study on labor supply determined sources of employees for new and expanding industries in Washington state and destination of employees from declining industries. This study provided the foundation to develop a method to calculate average annual job openings specific to Washington state to improve occupational employment projections. The study on labor supply developed job transition matrices with UI wage records that later were adapted to calculate the average annual job openings in Washington state.

The study on data quality and completeness documented the availability of workforce data over time and geography; changes in variable definitions over time, and inconsistencies in definitions and measurements. The results of this study were two dashboards – interactive reporting tools. One dashboard displays WIOA-related participant and employer data. It allows one-stop system’s users to break out services and outcomes at the state and each of the 12 Workforce Development Areas (WDAs) levels. The other dashboard displays data by either seven or 14-day discrepancies between data entry date and service date, and allows users to make statewide date difference comparisons by program and year.

1. **Recommendations to the Employment and Training Administration for changes and improvements to WIG requirements**

We encourage the Employment and Training Administration(ETA) to continue their much needed and appreciated support for the infrastructure essential to developing short-, mid-, and long-term employment projections, which includes everything from the Local Employment and Wage Information System (LEWIS), to the Analyst Resource Center (ARC) and the new replacement methodology.

Finally, we want ETA to recognize that the State-Federal BLS infrastructure is in decay. QCEW editing software used by the states is fairly archaic and funding for basic maintenance has been in decline for many years. This decline affects the quality and timeliness of local LMI, projections, the OES sample, and the accuracy of the ETA’s estimates of FUTA. The OES survey software has been in need of modernization for multiple years, and unfortunately lacks the funds essential to migrate/upgrade to a more mature modern-state. The lack of modernization means we cannot perform the time series that would create substantial impacts on the production of “real time” occupational demand. However the necessary funding for these improvements is not part of the BLS Budget agenda. The decay of infrastructure should become a priority and we hope to partner with you to overcome this barrier. After all, without proper oversight and support for these necessary upgrades, we will begin running out of options when it comes to preventing negative impacts for critical programs which has a direct negative impact on our customers. Thank you again for your continued support.